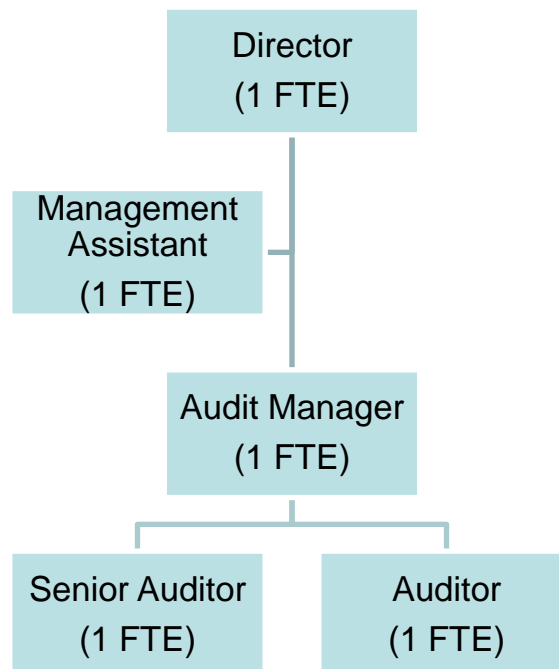




Audit Services

(5 FTEs)



AUDIT SERVICES

Mission

To provide independent and objective assurance and consulting services that facilitate decision-making and enhance the efficiency of government services.

DEPARTMENT DESCRIPTION

Audit Services

561,701**5 FTEs**

Auditing is an independent appraisal function designed to examine and evaluate activities within the City as a service to management, the Audit Services Oversight Committee, and elected officials. Auditing provides assurance that internal controls are adequate to minimize risks and add value through effective and efficient operations. External entities are also subject to review to determine whether revenues have been properly remitted to the City, and whether grant or pass-through funds are appropriately utilized.

The Audit Services Department conducts financial, compliance, performance, and information systems audits and reviews, and performs investigations and special reviews. The department is responsible for administration of the external audit contract as well as obtaining an external peer review of its activities. Also, the department maintains a confidential Fraud, Waste, and Abuse Hotline to help ensure fiscal responsibility and accountability throughout the organization.

RESOURCE ALLOCATION

	Actual FY 2008-09	Adopted FY 2009-10	Estimated FY 2009-10	Adopted FY 2010-11	Change
Appropriations					
Personal Services	\$ 439,797	\$ 423,260	\$ 435,582	\$ 446,281	5.4%
Operating	161,476	113,252	118,162	115,420	1.9%
Capital	-	104	104	-	-100.0%
Total Appropriations	\$ 601,273	\$ 536,616	\$ 553,848	\$ 561,701	4.7%
Full Time Equivalents	6	5	5	5	-
Part Time	-	-	-	-	-
Revenues					
Discretionary	\$ 601,273	\$ 536,616	\$ 553,848	\$ 561,701	4.7%
Program	-	-	-	-	0.0%
Total Revenues	\$ 601,273	\$ 536,616	\$ 553,848	\$ 561,701	4.7%

BUDGET ISSUES FOR FY 2010-11

- The external audit contract will increase by 3% for FY 2010-11.

COMPLETED INITIATIVES FOR FY 2009-10

- Emphasized increased monitoring and internal control implementation through a combination of compliance, performance and financial audits for activities such as granting customer water/sewer credits, issuance of 1099 MISC forms, efficient documentation and resolution of pothole management, collection of parking revenue at City-owned decks during special events, and Non-City Agency financial compliance prior to receipt of City grant funds.
- Contributed 36 hours volunteering in programs that involved City of Durham youth.
- Conducted three citywide training sessions related to fraud and abuse to assist in defining and communicating ethical behavior regarding City assets, and financial transactions and relationships with

customers, vendors, and employees. Conducted one citywide training session on internal controls. Training reached 83 employees.

- Utilized the ACL software application, Benford's Law, and computer aided audit techniques to better assess risks during audit engagements.
- Created the first Audit Services newsletter.
- Obtained a total of 160 hours of required continuing professional education including 8 hours of ethics training for the professional staff.
- Completed a special investigation that resulted in the revising of internal control procedures around approval of pay, overtime, compensatory time, and working while on leave.
- Evaluated and developed specific training and career development plans for Audit staff.
- Developed in collaboration with other City departments a new "FAB" (Finance, Audit, and Budget) career track to be incorporated into the existing Training catalogue.
- Participated in City College to provide employees a general overview of the Audit Services Department.

DEPARTMENT INITIATIVES FOR FY 2010-11

- Emphasize performance audits by shifting the focus from financial and compliance audits.
- Design and present a citywide mandatory ethics module related to organizational ethics to assist in defining and communicating ethical behavior regarding City financial transactions and relationships with customers, vendors, and employees.
- Develop and apply continuous monitoring for selected processes as a result of implementing new MUNIS integrated modules.
- Present a training module targeted to City staff accountable for developing, implementing, and monitoring internal controls.
- Evaluate and continue to develop specific training, career development and certification plans for audit staff.
- Enhance sustainability initiatives to gain efficiencies in the auditing program, thus reducing costs.
- Develop relationships guided by industry best practices to complement the risk-based audit work plan developmental process.
- Produce a semi-annual newsletter that will provide "best practices" of specific targeted control issues, and update the community on fraud and abuse issues.
- Participate in City College to provide a general overview to employees of the Audit Services Department.

GOALS, OBJECTIVES, & STRATEGIES FOR FY 2010-11

GOAL: *Implementation of the Audit Services Department's Strategic Plan that includes standards set forth by the U.S. General Accounting Office – Yellow Book Audit Standards.*

OBJECTIVE: Effectively communicate audit activities to assist the Audit Services Oversight Committee (ASOC) in fulfilling its oversight responsibilities.

STRATEGY: Present an annual audit plan and monthly activity reports to Audit Services Oversight Committee.

MEASURE:	Actual FY 2009	Adopted FY 2010	Estimated FY 2010	Adopted FY 2011
# Activity reports made at meetings of the ASOC	10	10	10	10

OBJECTIVE: Maintain and obtain training and certification for staff to meet required professional standards, and to sustain a highly trained professional staff with opportunities for development.

STRATEGY: Meet the General Accounting Office's (GAO) Government Auditing Standard (3.6- *Continuing Education Requirements*) that requires each auditor to complete at least 80 hours of continuing education and training which contributes to the auditor's professional proficiency every two years.

MEASURE:	Actual FY 2009	Adopted FY 2010	Estimated FY 2010	Adopted FY 2011
# Continuing education hours completed by audit staff	130	160	160	160

OBJECTIVE: Recognize and communicate the need for ethical behavior regarding City financial transactions and relationships with customers, vendors, and employees.

STRATEGY: Develop and present Citywide training sessions related to organizational ethics.

MEASURE:	Actual FY 2009	Adopted FY 2010	Estimated FY 2010	Adopted FY 2011
# Employees attending training sessions	30	30	83	1200
% Employees benefited based on evaluation forms	93%	90%	90%	90%

OBJECTIVE: Provide services that help ensure public resources are used in accordance with established laws and regulations and that government services are provided efficiently.

STRATEGY: Complete comprehensive audits or reviews and provide useful recommendations for management.

MEASURE:	Actual FY 2009	Adopted FY 2010	Estimated FY 2010	Adopted FY 2011
# Comprehensive audits or reviews completed	8	11	11	10
% Recommendations accepted by management	95%	98%	98%	98%